

**TOWN OF CLARKS**  
**Clarks, Louisiana**

**Annual Financial Statements**

**As of and for the Year Ended**  
**June 30, 2014**

TOWN OF CLARKS  
Clarks, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2014

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TOWN OF CLARKS  
 Clarks, Louisiana  
 Annual Financial Statements  
 As of and for the Year Ended June 30, 2014

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**Independent Accountant's Review Report**

MAYOR AND BOARD OF ALDERMEN  
TOWN OF CLARKS  
Clarks, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Clarks (the "Town") as of and for the year ended June 30, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Town. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management of the Town is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 5 through 9 and the budgetary comparison information on page 29 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The schedule of compensation paid aldermen, status of prior year findings and current

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MAYOR AND BOARD OF ALDERMEN  
TOWN OF CLARKS  
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June 30, 2014

year findings and corrective action plan on pages 32 through 34, are not a required part of the basic financial statements but are supplementary information required by the Louisiana Governmental Audit Guide. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information, and accordingly, I do not express an opinion or provide any assurance on such supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated December 1, 2014, on the results of my agreed-upon procedures.

/s Carleen Dumas  
Calhoun, Louisiana  
December 1, 2014

TOWN OF CLARKS  
Clarks, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014

Our discussion and analysis of the Town of Clarks' (hereafter referred to as the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements that begin on page 11.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 11 and 12 provide information about the activities of the Town as a whole. Fund financial statements begin on page 13. For governmental activities, these statements provide information on how the general activities of the Town are financed in the short term as well as what remains for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements.

**Reporting the Town as a Whole - The Statement of Net Position and the Statement of Activities**

Our analysis of the Town as a whole begins on page 11 with the Statement of Net Position and on page 12 with the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and the changes in net position. Net position - the difference between assets (what the Town owns) and liabilities (what the Town owes) is a way to measure the financial position of the Town. Over time, increases or decreases in the Town's net position is an indicator of whether the Town's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

Governmental activities - all of the Town's governmental services are reported here including police and fire protection and general administration.

Business-type activities - the Town's water and sewer systems are reported here.

TOWN OF CLARKS  
Clarks, Louisiana  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014

**Reporting the Town's Funds - Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's funds. The General Fund is the operating fund of the Town and accounts for all of the financial resources of the general government. The LCDBG Capital Projects Fund was used to account for the proceeds of a federal grant for street improvements. The Water and Sewer Enterprise Fund was established by the Town to help it control and manage money for the activities of the water and sewer system. The Town's two kinds of funds - governmental and business-type funds use different accounting methods. Our analysis of the Town's funds begin on page 13.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Position and the Statement of Activities.

**COMPARATIVE ANALYSIS OF  
FINANCIAL DATA**

**Government-Wide**

The Town's total net position decreased by \$211,324 during the year ended June 30, 2014. The decrease in net position resulted from the Town's returning unused FEMA grant funds in the amount of \$55,153 to the grantors, a \$21,566 decrease in water and sewer fee charges, and a decrease in federal grants that were used for street improvements in the prior year. Without this federal funding the town would have had a decrease in net position of \$158,821 for the prior year.

The Town's total revenues decreased \$331,831 in 2014 primarily due to the decrease in capital grant revenue which was used for street improvements in the prior year. Total expenses increased \$24,630 from the prior year amount.

TOWN OF CLARKS  
Clarks, Louisiana  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014

The following presents an analysis of net position and changes in net position of the Town's governmental and business-type activities:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets	\$17,645	\$341,938	\$104,854	\$134,390	\$122,499	\$476,328
Restricted assets	46,167	66,082			46,167	66,082
Capital assets	951,429	951,734	1,067,417	1,199,079	2,018,846	2,150,813
Total assets	<u>1,015,241</u>	<u>1,359,754</u>	<u>1,172,271</u>	<u>1,333,469</u>	<u>2,187,512</u>	<u>2,693,223</u>
<b>Liabilities</b>						
Current liabilities	<u>6,610</u>	<u>307,902</u>	<u>27,028</u>	<u>20,123</u>	<u>33,638</u>	<u>328,025</u>
<b>Net Position</b>						
Net investment in capital assets	951,429	951,734	1,067,417	1,199,079	2,018,846	2,150,813
Restricted by grantor	46,167	66,082			46,167	66,082
Unrestricted	<u>11,035</u>	<u>34,036</u>	<u>77,826</u>	<u>114,267</u>	<u>88,861</u>	<u>148,303</u>
Total net position	<u>1,008,631</u>	<u>1,051,852</u>	<u>1,145,243</u>	<u>1,313,346</u>	<u>2,153,874</u>	<u>2,365,198</u>

  

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
<b>Program revenues</b>						
Charges for services	\$5,693	\$7,236	\$202,568	\$224,134	\$208,261	\$231,370
Operating grants	1,929	2,804	26,304	23,627	28,233	26,431
Capital grants	40,866	359,111			40,866	359,111
<b>General revenues</b>						
Property taxes	7,544	7,367			7,544	7,367
Franchise taxes	11,584	9,373			11,584	9,373
Sales taxes	3,204	2,358			3,204	2,358
Occupational licenses	7,196	8,728			7,196	8,728
Investment earnings	54	65	235	224	289	289
Other	5,606	4,749	5,162		10,768	4,749
<b>Transfers</b>	88,434	48,500	(88,434)	(48,500)		
<b>Special item - refund of FEMA grant funds</b>	<u>(55,153)</u>				<u>(55,153)</u>	
Total revenue, transfers, and special items	<u>116,957</u>	<u>450,291</u>	<u>145,835</u>	<u>199,485</u>	<u>262,792</u>	<u>649,776</u>
<b>Program expenses</b>						
General government	123,145	112,089			123,145	112,089
Public safety	37,033	37,605			37,033	37,605
Water and sewer			313,938	299,792	313,938	299,792
Total expenses	<u>160,178</u>	<u>149,694</u>	<u>313,938</u>	<u>299,792</u>	<u>474,116</u>	<u>449,486</u>
Change in net position	(43,221)	300,597	(168,103)	(100,307)	(211,324)	200,290
Net position - beginning	<u>1,051,852</u>	<u>751,255</u>	<u>1,313,346</u>	<u>1,413,653</u>	<u>2,365,198</u>	<u>2,164,908</u>
Net position - ending	<u>\$1,008,631</u>	<u>\$1,051,852</u>	<u>\$1,145,243</u>	<u>\$1,313,346</u>	<u>\$2,153,874</u>	<u>\$2,365,198</u>



TOWN OF CLARKS  
Clarks, Louisiana  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014

**Governmental Funds**

The revenue from governmental activities decreased \$251,553 from governmental revenues of the prior year due to a decrease in federal grant revenue in 2014. Expenses from governmental activities increased \$10,484 from prior year amounts primarily due to an increase in insurance expense.

**Business-Type Activities**

Water and sewer fees of the Water and Sewer Enterprise Fund decreased \$21,566 from prior year amounts. Expenses increased \$14,146 from prior year amounts due to an increase in materials and supplies and utilities expense.

**OVERALL FINANCIAL POSITION**

The Town's net position decreased \$211,324 as a result of this year's operations. Unrestricted net position (those assets available to finance the daily operations of the Town) were \$88,861 at year end. The net investment in capital assets was \$2,018,846 at year end and net position restricted by grantor was \$46,167.

**TOWN'S FUNDS**

At the end of the year, the Town's General Fund reported an unassigned fund balance of \$3,963. The fund balance assigned for the fire department totaled \$7,014 at year end. \$46,167 of the General Fund fund balance at year end is restricted by the grantor for street improvements. The restricted fund balance decreased due to a refund of unused FEMA grant funds during the year. The decrease in total fund balance for 2014 was \$42,915 after transfers from the Water and Sewer Enterprise Fund in the amount of \$88,434 to help cover the expenditures of the General Fund. The Water and Sewer Enterprise Fund reported unrestricted net position of \$77,826 at year end. The decrease in net position was \$168,103 for 2014 primarily due to depreciation expense of \$131,662 and the transfer of \$88,434 to the General Fund to cover the expenditures of the General Fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

At year end, actual revenues and other financing sources were \$4,456 less than budgeted revenues and other financing sources. Actual General Fund expenditures and other financing uses were \$34,059 more than budgeted expenditures and other financing uses. There was one budget amendment during the year. The Town prepares its General Fund budget on the modified accrual basis of accounting.

TOWN OF CLARKS  
Clarks, Louisiana  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2014

**CAPITAL ASSETS**

At the end of the year, the Town had capital assets (net of accumulated depreciation) totaling \$2,018,846. Capital assets include the water and sewer systems and improvements, street improvements, land, buildings, equipment and vehicles, and construction in progress, costing \$500 or more. The Town's additions during the year were \$40,866 in street improvements and \$596 in equipment. Additional information about the Town's capital assets is presented in Note 5 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town prepared its 2015 General Fund budget on the assumption that total revenues and transfers from the Water and Sewer Fund will decrease approximately \$4,044 and expenditures will increase \$10,794. Revenue and expenses of the Water and Sewer Enterprise Fund are expected to remain fairly constant for the year ending June 30, 2015.

## **BASIC FINANCIAL STATEMENTS**

TOWN OF CLARKS  
Clarks, Louisiana

STATEMENT OF NET POSITION  
June 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$11,985	\$90,815	\$102,800
Receivables (net of allowances for uncollectibles)	4,228	15,471	19,699
Internal balances	1,432	(1,432)	
Restricted cash	46,167		46,167
Capital assets (net)	951,429	1,067,417	2,018,846
<b>TOTAL ASSETS</b>	<u>1,015,241</u>	<u>1,172,271</u>	<u>2,187,512</u>
<b>LIABILITIES</b>			
Accounts payable	5,989	4,668	10,657
Payroll taxes payable	621	5,600	6,221
Customer deposits		16,760	16,760
<b>TOTAL LIABILITIES</b>	<u>6,610</u>	<u>27,028</u>	<u>33,638</u>
<b>NET POSITION</b>			
Net investment in capital assets	951,429	1,067,417	2,018,846
Restricted by grantor	46,167		46,167
Unrestricted	11,035	77,826	88,861
<b>TOTAL NET POSITION</b>	<u><u>\$1,008,631</u></u>	<u><u>\$1,145,243</u></u>	<u><u>\$2,153,874</u></u>

See accompanying notes and independent accountant's review report.

**Statement B**

**TOWN OF CLARKS**  
Clarks, Louisiana

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014

	.....Program Revenue.....			Net (Expense) Revenue and .....Changes in Net Position.....		
	Charges for	Operating	Capital	Governmental	Business-Type	Total
<u>Expenses</u>	<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Activities</u>	<u>Activities</u>	
<b>GOVERNMENTAL ACTIVITIES:</b>						
General government	\$123,145	\$3,065	\$40,866	(\$79,214)		(\$79,214)
Public safety	37,033	2,628	\$1,929	(32,476)		(32,476)
Total governmental activities	160,178	5,693	1,929	(111,690)	NONE	(111,690)
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Water and sewer service	313,938	202,568	26,304		(\$85,066)	(85,066)
Total government	\$474,116	\$208,261	\$28,233	(111,690)	(85,066)	(196,756)
<b>GENERAL REVENUES:</b>						
Property taxes				7,544		7,544
Franchise taxes				11,584		11,584
Sales taxes				3,204		3,204
Occupational licenses				7,196		7,196
Investment earnings				54	235	289
Other revenues				5,606	5,162	10,768
Transfers				88,434	(88,434)	
Special item - refund of FEMA grant funds				(55,153)		(55,153)
Total general revenues, transfers and special items				68,469	(83,037)	(14,568)
<b>CHANGE IN NET POSITION</b>				(43,221)	(168,103)	(211,324)
<b>NET POSITION - BEGINNING</b>				1,051,852	1,313,346	2,365,198
<b>NET POSITION - ENDING</b>				\$1,008,631	\$1,145,243	\$2,153,874

See accompanying notes and independent accountant's review report.

TOWN OF CLARKS  
Clarks, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2014

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS</b>			
Cash	\$11,927	\$58	\$11,985
Receivables	4,228		4,228
Due from Water and Sewer Fund	1,432		1,432
Restricted cash	46,167		46,167
<b>TOTAL ASSETS</b>	<u>\$63,754</u>	<u>\$58</u>	<u>\$63,812</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$5,989		\$5,989
Payroll taxes payable	621		621
Total liabilities	<u>\$6,610</u>	<u>NONE</u>	<u>\$6,610</u>
Fund balance:			
Restricted	46,167		46,167
Assigned	7,014	\$58	7,072
Unassigned	3,963		3,963
Total fund balances	<u>57,144</u>	<u>58</u>	<u>57,202</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$63,754</u>	<u>\$58</u>	<u>\$63,812</u>

**Reconciliation of the Balance Sheet of Governmental Fund  
To the Statement of Net Position:**

Total Fund balance - Governmental Funds	\$57,202
Amount reported for net position of governmental activities in the Statement of Net Position (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	951,429
Net position of governmental activities (Statement A)	<u>\$1,008,631</u>

See accompanying notes and independent accountant's review report.

TOWN OF CLARKS  
Clarks, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL
<b>REVENUES</b>			
Taxes:			
Property	\$7,544		\$7,544
Sales	3,204		3,204
Franchise	11,584		11,584
Occupational licenses	7,196		7,196
Intergovernmental revenues:			
Federal grants		\$40,866	40,866
State grants	1,929		1,929
Traffic fines	2,628		2,628
Use of money and property:			
Interest earnings	54		54
Rent	3,065		3,065
Other revenues	5,606		5,606
Total revenues	<u>42,810</u>	<u>40,866</u>	<u>83,676</u>
<b>EXPENDITURES</b>			
General government - current:			
Personal services and related benefits	5,632		5,632
Operating services	90,142		90,142
Materials and supplies	2,121		2,121
Travel and other	5,299		5,299
Public safety - current:			
Personal services	6,730		6,730
Operating services	8,486		8,486
Capital outlay	596	40,866	41,462
Total expenditures	<u>119,006</u>	<u>40,866</u>	<u>159,872</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(76,196)	NONE	(76,196)
<b>OTHER FINANCING SOURCES - transfers from Water and Sewer Fund</b>	88,434		88,434
<b>SPECIAL ITEM - refund of FEMA grant funds</b>	<u>(55,153)</u>		<u>(55,153)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(42,915)		(42,915)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>100,059</u>	58	<u>100,117</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$57,144</u></u>	<u><u>\$58</u></u>	<u><u>\$57,202</u></u>

(Continued)

See accompanying notes and independent accountant's review report.

TOWN OF CLARKS  
Clarks, Louisiana  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2014

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Funds to  
the Statement of Activities:**

Net change in fund balances - Total Governmental Funds	(\$42,915)
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay expenditures in the current period.	<u>(306)</u>
Change in net position of governmental activities (Statement B)	<u><u>(\$43,221)</u></u>

(Concluded)

See accompanying notes and independent accountant's review report.



TOWN OF CLARKS  
Clarks, Louisiana

STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES  
June 30, 2014

	Water and Sewer Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$90,815
Accounts receivable (net of allowance for doubtful accounts)	<u>15,471</u>
Total current assets	106,286
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>1,067,417</u>
Total assets	<u><u>1,173,703</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,668
Due to General Fund	1,432
Payroll taxes payable	5,600
Customer deposits	<u>16,760</u>
Total liabilities	<u><u>28,460</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	1,067,417
Unrestricted	<u>77,826</u>
Total net position	<u><u>\$1,145,243</u></u>

See accompanying notes and independent accountant's review report.

**Statement F****TOWN OF CLARKS**  
Clarks, Louisiana**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES**  
For the Year Ended June 30, 2014

	<u>Water and Sewer Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Service fees	\$202,568
Other	<u>5,162</u>
Total operating revenues	<u>207,730</u>
<b>OPERATING EXPENSES</b>	
Salaries and related expenses	76,580
Consultant	16,160
Utilities and telephone	23,585
Materials and supplies	19,774
Dues and fees	2,155
Office expense	6,724
Postage	1,607
Repairs	28,320
Travel	282
Fuel	3,262
Miscellaneous	3,827
Depreciation	<u>131,662</u>
Total operating expenses	<u>313,938</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(106,208)</u>
<b>NON-OPERATING REVENUE</b>	
Interest income	235
State grants	<u>26,304</u>
Total non-operating revenues	<u>26,539</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(79,669)
<b>TRANSFERS OUT</b>	<u>(88,434)</u>
<b>CHANGE IN NET POSITION</b>	(168,103)
<b>NET POSITION - BEGINNING</b>	<u>1,313,346</u>
<b>NET POSITION - ENDING</b>	<u><u>\$1,145,243</u></u>

See accompanying notes and independent accountant's review report.

TOWN OF CLARKS  
Clarks, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES  
For the Year Ended June 30, 2014

Water and  
Sewer  
Enterprise  
Fund

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$215,020
Customer meter deposits, net	1,500
Payments to suppliers	(104,301)
Payments to employees	(71,138)
Net cash provided by operating activities	<u>41,081</u>

**CASH FLOWS FROM NON-CAPITAL  
FINANCING ACTIVITIES**

Operating transfers (out)	(88,434)
State grants	26,304
Net cash used for non-capital financing activities	<u>(62,130)</u>

**CASH FLOWS FROM INVESTING  
ACTIVITIES**

Interest income	235
<b>NET DECREASE IN CASH</b>	<u>(20,814)</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>111,629</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$90,815</u></u>

**Reconciliation of Operating Income (Loss) to  
Net Cash Provided by Operating Activities**

Operating Income (Loss)	(\$106,208)
Adjustments:	
Depreciation	131,662
Decrease in accounts receivable	7,290
Increase in accounts and taxes payable	5,405
Increase in due to General Fund	1,432
Increase in customer meter deposits	1,500
Total adjustments	<u>147,289</u>
Net cash provided by operating activities	<u><u>\$41,081</u></u>

See accompanying notes and independent accountant's review report.

TOWN OF CLARKS  
Clarks, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2014

## INTRODUCTION

The Town of Clarks was created under the Lawrason Act and is governed by the mayor-board of aldermen form of government. The aldermen receive \$50 per month. The town provides public safety, public works, and general government services to its residents. The town has two full-time employees and two part-time employees.

GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the Town of Clarks is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The town has no component units.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town of Clarks. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF CLARKS  
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and  
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, franchise taxes, intergovernmental revenues, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the town.

The Town of Clarks reports the following governmental funds:

**General Fund**

The General fund is the general operating fund of the town and accounts for all financial resources of the general government.

**LCDBG Capital Projects Fund**

The LCDBG Fund was used to account for a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement of the town's streets.

TOWN OF CLARKS  
Notes to the Financial Statements

The Town of Clarks reports the following business-type activity funds:

**Water and Sewer Enterprise Fund**

The Water and Sewer Enterprise Fund accounts for the operations of the town's water and sewer systems.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided and operating grants. General revenues include all taxes, occupational licenses, interest, and other miscellaneous revenue.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water and Sewer Enterprise Fund's operating revenues consist of charges for water and sewer sales. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**C. Deposits**

The town's cash consists of interest-bearing and noninterest-bearing demand deposits. State law limits the town's credit risk by restricting the town's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**D. Receivables**

Property tax receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts for property taxes. The town is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended June 30, 2014, the town levied 6.15 mills for operations of the General Fund.

TOWN OF CLARKS  
Notes to the Financial Statements

The town receives a pro-rata share of a one-fourth of one percent parishwide (excluding the Town of Columbia) sales tax approved by the voters in Caldwell Parish on October 19, 1985 for fire protection in the parish. The sales tax is collected by the police jury and remitted to the town net of its pro-rata share of the cost of collection.

Trade receivables are generally shown net of an allowance for uncollectible amounts. The town is of the opinion that an allowance for uncollectible accounts would be immaterial to the financial statements. Past due amounts are written off when they are considered uncollectible by management.

**E. Capital Assets**

Capital assets, which include land, buildings, street improvements, the water and sewer systems and improvements, vehicles and equipment, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Approximately 98 percent of the town's capital assets have been capitalized at cost and the remaining 2 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Town of Clarks maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The town has elected not to report general infrastructure assets, such as roads, bridges, sidewalks, etc., constructed prior to July 1, 2001. However, the construction or major improvement of infrastructure assets after that date are included in capital assets.

All capital assets, other than land and construction in progress are depreciated using the straight-line method over the following useful lives:

	Estimated Lives
Infrastructure - water and sewer system and improvements	25 years
Infrastructure - street improvements	40 years
Buildings	25 years
Vehicles and equipment	5-15 years

**F. Net Position/Fund Balance**

For the government-wide statement of net position, net position is reported as restricted when constraints are placed on net position by either:

TOWN OF CLARKS  
Notes to the Financial Statements

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net position in the government-wide statement of net position as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of aldermen are reported as committed fund balance. Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The board of aldermen is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

At June 30, 2014, the Town's restricted net position/fund balance represent federal grant funds restricted for street repairs by the grantor. Assigned fund balance in the General Fund is comprised of funds that the Town intends to spend on the fire department. Assigned fund balance in the LCDBG Capital Projects Fund is the amount of cash of hand that is assigned for future capital projects.

The Town considers restricted amounts to be spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers assigned amounts to be spent first when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Restricted Assets**

Cash in the amount of \$46,167 that was received under a federal grant program and restricted for street repairs is reported as restricted cash with a corresponding restriction of net position/fund balance.

**H. Compensated Absences**

It is the Town's policy to permit full time permanent employees to earn 18 days of annual leave for each full year of employment. Annual leave is credited to employees each pay period on a pro rata basis. Employees are allowed to carry over 30 to 45 days of accumulated annual leave to the following year based on years of service. All full time permanent employees earn 10 days of sick leave for each full year of employment. Sick



TOWN OF CLARKS  
Notes to the Financial Statements

leave is credited to employees each pay period on a pro rata basis. Employees are allowed to accumulate any unused sick leave hours without limitation. Upon termination, resignation, or retirement, employees shall be paid at their current rate of pay, for accumulated annual and sick leave combined from 90 to 105 days based on years of service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the Water and Sewer Fund financial statements which is the fund that pays the salaries of the Town's permanent full time employees. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Town's total accrued compensated absences liability at June 30, 2014 was zero.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND  
ACCOUNTABILITY**

**Budget Information**

The Town of Clarks uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen in June. The budget is legally adopted by the board of aldermen at a board meeting and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budgetary comparison schedule included as supplemental information in the accompanying financial statements includes the original budget amounts and all subsequent budget amendments during the year.

**3. DEPOSITS IN FINANCIAL INSTITUTIONS**

At June 30, 2014, the town has cash (book balances) as follows:

Checking accounts	<u><u>\$102,800</u></u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned

TOWN OF CLARKS  
Notes to the Financial Statements

by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These deposits are secured from risk by federal deposit insurance.

**4. RECEIVABLES**

The following is a summary of receivables at June 30, 2014:

	General Fund	Water and Sewer Enterprise Fund	Total
Franchise taxes	\$1,888		\$1,888
Occupational licenses	2,340		2,340
Accounts		\$15,471	15,471
Allowance for doubtful accounts	NONE	NONE	NONE
Total	<u>\$4,228</u>	<u>\$15,471</u>	<u>\$19,699</u>

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2014, is as follows:

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	<u>\$1,700</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,700</u>
Capital assets being depreciated:				
Buildings	61,000			61,000
Street improvements	697,118	\$40,866		737,984
Vehicles and equipment	<u>493,584</u>	<u>596</u>		<u>494,180</u>
Total capital assets being depreciated	<u>1,251,702</u>	<u>41,462</u>	<u>NONE</u>	<u>1,293,164</u>
Less accumulated depreciation for:				
Buildings	24,400	1,525		25,925
Street improvements	15,491	11,408		26,899
Vehicles and equipment	<u>261,777</u>	<u>28,834</u>		<u>290,611</u>

TOWN OF CLARKS  
Notes to the Financial Statements

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014
Total accumulated depreciation	\$301,668	\$41,767	NONE	\$343,435
Total assets being depreciated, net	950,034	(305)	NONE	949,729
Total capital assets (net)	<u>\$951,734</u>	<u>(\$305)</u>	<u>NONE</u>	<u>\$951,429</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$1,500			\$1,500
Construction in progress	5,000			5,000
Total capital assets not being depreciated	6,500	NONE	NONE	6,500
Capital assets being depreciated:				
Water system and improvements	1,880,168			1,880,168
Sewer system and improvements	1,479,988			1,479,988
Equipment	23,975			23,975
Total capital assets being depreciated	3,384,131	NONE	NONE	3,384,131
Less accumulated depreciation for:				
Water system and improvements	993,506	\$71,760		1,065,266
Sewer system and improvement	1,181,394	59,199		1,240,593
Equipment	16,652	703		17,355
Total accumulated depreciation	2,191,552	131,662	NONE	2,323,214
Total capital assets being depreciated, net	1,192,579	(131,662)	NONE	1,060,917
Total capital assets (net)	<u>\$1,199,079</u>	<u>(\$131,662)</u>	<u>NONE</u>	<u>\$1,067,417</u>

TOWN OF CLARKS  
Notes to the Financial Statements

Depreciation expense of \$19,355 was charged to the general government governmental function, \$22,412 was charged to the public safety governmental function and \$131,662 was charged to the water and sewer service business-type activities function.

**6. INTERFUND TRANSFERS**

The following is a summary of interfund transfers during the year ended June 30, 2014:

	Transfer In	Transfer Out
General Fund	\$88,434	
Water and Sewer Enterprise Fund		\$88,434
Total	<u>\$88,434</u>	<u>\$88,434</u>

The transfers were made to pay operating expenses of the General Fund.

**7. RISK MANAGEMENT AND CONTINGENT LIABILITIES**

The Town purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

**8. FEDERAL GRANT CONTINGENCIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the town. In the opinion of management, any such adjustments would not be material to the town's operating results or fund balances.

**9. SUBSEQUENT EVENTS**

On December 1, 2014, the mayor contacted the Louisiana Legislative Auditor to look into the accounting practices of the town due to the numerous findings contained in this report.

The current mayor and board of aldermen's terms expire on December 31, 2014. A new mayor and four new aldermen will take office effective January 1, 2015.

The Town of Clarks has evaluated subsequent events through December 1, 2014, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

TOWN OF CLARKS  
Clarks, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND  
For the Year Ended June 30, 2014

	Budgeted .....Amounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$8,300	\$7,800	\$7,544	(\$256)
Sales	3,500	2,000	3,204	1,204
Franchise	15,000	16,500	11,584	(4,916)
Intergovernmental - state grants	4,000	3,200	1,929	(1,271)
Occupational licenses	3,000	3,500	7,196	3,696
Traffic fines	3,000	3,000	2,628	(372)
Mowing fees	3,000			
Rent	5,500	4,000	3,065	(935)
Investment earnings	200	200	54	(146)
Other revenue	5,500	3,500	5,606	2,106
Total revenues	<u>51,000</u>	<u>43,700</u>	<u>42,810</u>	<u>(890)</u>
<b>EXPENDITURES</b>				
General government:				
Personal services and related benefits	17,500	14,200	5,632	8,568
Operating services	94,900	93,500	90,142	3,358
Materials and supplies	4,500	3,200	2,121	1,079
Travel and other	9,000	16,700	5,299	11,401
Public safety:				
Personal services			6,730	(6,730)
Operating services	12,000	12,500	8,486	4,014
Capital outlay			596	(596)
Total expenditures	<u>137,900</u>	<u>140,100</u>	<u>119,006</u>	<u>21,094</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(86,900)</u>	<u>(96,400)</u>	<u>(76,196)</u>	<u>20,204</u>
<b>OTHER FINANCING SOURCES - transfers from Water and Sewer Fund</b>	71,000	92,000	88,434	(3,566)
<b>SPECIAL ITEM - refund of FEMA grant funds</b>			<u>(55,153)</u>	<u>(55,153)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(15,900)</u>	<u>(4,400)</u>	<u>(42,915)</u>	<u>(38,515)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>130,000</u>	<u>130,000</u>	<u>100,059</u>	<u>(29,941)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$114,100</u></u>	<u><u>\$125,600</u></u>	<u><u>\$57,144</u></u>	<u><u>(\$68,456)</u></u>

There was one budget amendment during the year.

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**

TOWN OF CLARKS  
Clarks, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES  
As of and For the Year Ended June 30, 2014

**COMPENSATION PAID ALDERMEN**

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive \$50 per month.

**STATUS OF PRIOR YEAR FINDINGS**

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.



**Schedule 2**

TOWN OF CLARKS  
Clarks, Louisiana

Schedule of Per Diem Paid Aldermen  
For the Year Ended June 30, 2014

Ann Breland	\$600
Crystal Buckalew	600
Gary Holmes	600
Krissy Jolly	600
Crystal Lee	<u>600</u>
Total	<u><u>\$3,000</u></u>

TOWN OF CLARKS  
Clarks, Louisiana

STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2014

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2013-1	2009	Inadequate Segregation of Accounting Duties	No	See current year findings.
2013-2	2009	Inadequate Controls Over the Preparation of Financial Statements	No	See current year findings.
2013-3	2013	Need to Improve Controls Over Maintenance of Accounting Records	Partial	See current year findings.
2013-4	2013	Inadequate Controls Over Water and Sewer Fund	Partial	See current year findings.
2013-5	2013	Need to Improve Controls Over Payroll	Partial	See current year findings.
2013-6	2013	Noncompliance with Local Government Budget Act	Yes	N/A
2013-7	2013	Failure to Comply with Terms of FEMA Fire Grant	Yes	N/A
2013-8	2013	Failure to Comply with Terms of FEMA Disaster Recovery Grant	Yes	N/A
2013-9	2013	Insufficient Effort to Collect Delinquent Accounts in Water and Sewer Fund	Yes	N/A

TOWN OF CLARKS  
Clarks, Louisiana

CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2014

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Inadequate Segregation of Accounting Duties	None	Phyllis Holmes, Mayor	N/A
N/A	Inadequate Controls Over Preparation of Financial Statements	None	Phyllis Holmes, Mayor	N/A
Procedure 8(c)	Two out of six disbursements examined were not properly approved.	All future invoices will be initialed by the Mayor.	Phyllis Holmes, Mayor	December 31, 2014
N/A	Form 941 for the 2 <sup>nd</sup> quarter of 2014 has not been filed and no payroll tax payments have been made for the 2 <sup>nd</sup> quarter of 2014.	The town will hire a consultant to assist the clerk in paying all past due payroll taxes and filing all payroll tax reports.	Phyllis Holmes, Mayor	December 31, 2014

(Continued)

TOWN OF CLARKS  
 Clarks, Louisiana  
 CURRENT YEAR FINDINGS AND  
 CORRECTIVE ACTION PLAN  
 For the Year Ended June 30, 2014

Reference Number	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
N/A	Cash received for traffic tickets totaling \$968 could not be traced to a bank deposit or posting in general ledger.	On December 1, 2014, the mayor contacted the Louisiana Legislative Auditor to look into the accounting practices of the town due to the numerous findings contained in this report.	Phyllis Holmes, Mayor	December 31, 2014
N/A	Cash received for meter deposits and tap fees totaling \$900 could not be traced to a bank deposit or posting in general ledger.	On December 1, 2014, the mayor contacted the Louisiana Legislative Auditor to look into the accounting practices of the town due to the numerous findings contained in this report.	Phyllis Holmes, Mayor	December 31, 2014

(Continued)

## TOWN OF CLARKS

Clarks, Louisiana

CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Water and sewer receipts totaling \$5,619 could not be traced to a bank deposit or posting in general ledger.	On December 1, 2014, checks and money orders totaling \$8,475 paid by water and sewer customers were found in a drawer at town hall.	Phyllis Holmes, Mayor	December 31, 2014
N/A	Customer meter deposits, administrative fees, and meter deposit refunds were not posted correctly to the general ledger.	The town will hire a consultant to assist the clerk in properly posting the accounting records.	Phyllis Holmes, Mayor	December 31, 2014
N/A	Customer meter deposits totaling \$570 that were listed in the meter deposit receipt book were not recorded as deposits in the customer account records.	The town will hire a consultant to assist the clerk in properly posting the accounting records.	Phyllis Holmes, Mayor	December 31, 2014

(Continued)

TOWN OF CLARKS  
 Clarks, Louisiana  
 CURRENT YEAR FINDINGS AND  
 CORRECTIVE ACTION PLAN  
 For the Year Ended December 31, 2013

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
N/A	Customer meter deposits totaling \$1,540 that were posted to the general ledger were not recorded as deposits in the customer account records.	The town will hire a consultant to assist the clerk in properly posting the accounting records.	Phyllis Holmes, Mayor	December 31, 2014
N/A	Customer meter deposits totaling \$850 that were recorded as deposits in the customer account records were not recorded in the general ledger.	The town will hire a consultant to assist the clerk in properly posting the accounting records.	Phyllis Holmes, Mayor	December 31, 2014
N/A	The customer meter deposit liability recorded in the general ledger was not reconciled to the customer meter deposits recorded in the customer account records as required by Ordinance #01-13.	The town will hire a consultant to assist the clerk in properly posting the accounting records.	Phyllis Holmes, Mayor	December 31, 2014

(Concluded)

**M. CARLEEN DUMAS**  
**Certified Public Accountant**  
**369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726**

**Independent Accountant's Report**  
**On Applying Agreed-Upon Procedures**

MAYOR AND BOARD OF ALDERMEN  
TOWN OF CLARKS  
Clarks, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Town of Clarks and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town's compliance with certain laws and regulations during the year ended June 30, 2014 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Town is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$30,000. There was one disbursement for public works exceeding \$150,000 made during the year that was made in accordance with the public bid law.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of the mayor and each aldermen as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the mayor, aldermen, and employees, as well as their immediate families.

Management provided me with the required list including the noted information. One former employee would not provide the required listing.

**Member of the American Institute of Certified Public Accountants**  
**Member of the Society of Louisiana of Certified Public Accountants**

Town of Clarks  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2014

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members except for two elected officials.

#### **Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget for the General Fund and the budget amendment made during the year.

6. Trace the budget adoption and amendments to the minute book.

The original budget was adopted on June 11, 2013 and the amended budget was adopted on June 10, 2014.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

General Fund actual revenues and other financing sources failed to meet budgeted revenues and other financing sources by \$4,456 or 3%. Actual General Fund expenditures and other financing uses were less than budgeted expenditures and other financing uses.

#### **Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and;
  - (a) trace payments to supporting documentation as to correct amount and payee;
  - (b) determine if payments were properly coded to the correct fund and general ledger account;



Town of Clarks  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2014

- (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were adequately supported.
- (b) The six selected payments were posted to the correct general ledger account.
- (c) Two of the six selected payments did not receive approval from the proper authorities.

### **Meetings**

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The public notices for meetings were posted as required by LSA-RS 42:7.

### **Debt**

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

### **Advances and Bonuses**

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments to employees which may constitute bonuses, advances, or gifts.

### **Prior Comments and Recommendations**

There were nine findings included in the prior year report. The status of those findings is presented in the accompanying schedule of the status of prior year findings.

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I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Clarks and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas  
Calhoun, Louisiana  
December 1, 2014

### **Louisiana Attestation Questionnaire**

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA  
369 Donaldson Road  
Calhoun, LA 71225

Mrs. Dumas:

In connection with your review of our financial statements as of June 30, 2014 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of \_\_\_\_\_.

#### **PUBLIC BID LAW**

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [ X ] No [ ] N/A [ ]

#### **CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes [ X ] No [ ] N/A [ ]

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes [ X ] No [ ] N/A [ ]

#### **BUDGETING**

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [ X ] No [ ] N/A [ ]

## **ACCOUNTING AND REPORTING**

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [ X ] No [ ] N/A [ ]

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [ X ] No [ ] N/A [ ]

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [ X ] No [ ] N/A [ ]

## **MEETINGS**

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [ X ] No [ ] N/A [ ]

## **DEBT**

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes [ X ] No [ ] N/A [ ]

## **ADVANCES AND BONUSES**

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [ X ] No [ ] N/A [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>/s Phyllis Holmes</u>	<u>6/30/14</u>
Name	Date